The SARFAESI Act, 2002 allows acquisition of financial assets by SC/RC from any bank/FI on such terms and conditions as may be agreed upon between them. This provides for sale of the financial assets on 'without recourse' basis, *i.e.* with the entire credit risk associated with the financial assets being transferred to SC/RC, as well as on 'with recourse' basis, *i.e.*, subject to unrealized part of the asset reverting to the seller bank/FI. They are, however, directed to ensure that the effect of the sale of the financial assets should be such that the asset is taken off their books. After the sale there should not be any known liability devolving on the banks/FIs.

Banks/FIs, which propose to sell to SC/RC their financial assets should ensure that the sale is conducted in a prudent manner in accordance with a policy approved by their Board. The Board shall lay down policies and gidelines covering, *inter alia,* financial assets to be sold, norms and procedure for sale of such financial assets, valuation procedure to be followed and delegation of powers of various functionaries.

Each bank/FI will make its own assessment of the value offered by the SC/RC for the financial asset and decide whether to accept or reject the offer. Under no circumstances can a transfer to the SC/RC be made at a contingent price whereby in the event of shortfall in the realization by the SC/RC, the banks/FIs would have to bear a part of the shortfall.

(d) and (e) Since ARCs operate on commercial lines it is unlikely that assets at huge discounts to purchase value are sold.

Rescheduling of loans given to poultry units

1177. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has directed all the Scheduled Commercial Banks to reschedule loans given to the poultry units across the country;

(b) if so, whether any cut off date has been fixed to treat the rescheduled or converted loans as current dues;

(c) if so, the details thereof and also the breakup of loans that have been rescheduled due to the said initiatives, State-wise;

(d) whether any such guidelines have been issued to co-operative banks, regional rural banks and National Bank for Agriculture and Rural Development; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (e) Keeping in view the loss of income that has occurred due to culling of birds as well as steep fall in the demand for poultry products and their prices due to the recent outbreak of Avian Influenza (bird flu) in some areas of the country, Reserve Bank of India (RBI), *vide* its circular dated February 19, 2008 has advised the scheduled commercial banks to extend the following benefits to the poultry units:

(i) Principal and interest due on working capital loans as also installments and interest on term loan, which have fallen due for payment on/after the onset of bird flu, *i.e.* December 31, 2007 and remaining unpaid may be converted into term loans. The converted loans may be recovered in installments based on projected future inflows over a period up to three years with an initial moratorium of up to one year (the first year of repayment may be fixed after the expiry of moratorium period).

(ii) The remaining portion of term loans may be rescheduled similarly with a moratorium period up to one year depending upon the cash flow generating capacity of the unit.

(iii) The reschedulement/conversion may be completed on or before April 30, 2008.

(iv) The rescheduled/converted loans may be treated as current dues.

(v) After conversion as above, the borrower will be eligible for fresh need based finance.

(vi) The relief measures as above may be extended to all accounts of poultry industry, which were classified as Standard accounts as on December, 31, 2007.

National Bank for Agriculture and Rural Development (NABARD) has issued a similar circular in respect of cooperative banks and regional rural banks. All banks have started taking action on these circulars.

Housing loans for rural areas

1178. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) what is the estimated percentage of population covered by finance agencies for grant of housing loans;

(b) whether it is a fact that these finance agencies do not provide housing loans for rural areas;

(c) if so, what are the reasons therefor; and

(d) whether Government has considered the feasibility of authorizing panchayats for completion of formalities to facilitate grant of housing loans in rural areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No estimates have been made by the Government on the percentage of population covered by financial agencies for grant of housing loans.

(b) According to information reported by the Reserve Bank of India (RBI) in the Basic Statistical Returns of Scheduled Commercial Banks (SCBs) the share of rural areas in total number of accounts for housing loans of SCBs was 16 per cent as on 31st March, 2006.

(c) One of the reasons for lower share of housing loans in rural areas as compared to other areas is that housing requirements in rural areas are also met through Government schemes like the Indira Awaas Yojana where assistance is given in the form of subsidy for dwelling units without necessarily involving financial agencies. Further, there is also a relatively larger dependence in rural areas on informal credit channels.

(d) No such proposal is under the consideration of the Government at present.

Growth rate in GDP

†1179. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Gross Domestic Product (GDP) in Public Sector has been estimated to be Rs. 42,830,40 crores during the financial year 2007-08;

†Original notice of the question was received in Hindi.